

**CERTIFICATE OF COMPLIANCE BY NON-PARTICIPATING MANUFACTURER
REGARDING ESCROW PAYMENT
STATE OF UTAH**

GENERAL INFORMATION

What is the definition of a tobacco product manufacturer?

- Any entity that manufactures cigarettes, including roll-your-own, anywhere that such manufacturer intends to be sold in the United States including cigarettes that are intended to be sold in the United States through an importer; or
- The first purchaser anywhere for resale in the United States of cigarettes manufactured anywhere that the manufacturer does not intend to be sold in the United States; or
- A successor of any entity described above.

Who is required to file this certificate of compliance?

- Any tobacco product manufacturer which:
 - (1) sells cigarettes within the State of Utah (whether directly or through any distributor, retailer, or similar intermediary) and
 - (2) has not become a participating manufacturer in the tobacco Master Settlement Agreement executed on 11/23/98 (the "MSA").

If you satisfy these requirements, you must file this certificate of compliance to report the units of cigarettes manufactured by you and sold in the State of Utah and pay the amount calculated into your qualified escrow fund.

What is a non-participating manufacturer?

A non-participating manufacturer is any tobacco product manufacturer who has not signed onto the MSA.

What is a qualified escrow fund?

A non-participating manufacturer required to file the certificate of compliance must establish a qualified escrow fund. This means an escrow arrangement with a United States federal or United States state-chartered financial institution having no affiliation with any tobacco product manufacturer and having assets of at least \$1,000,000,000, where such arrangement (1) requires that the financial institution hold the escrowed funds' principal for the benefit of the State of Utah (and possibly other "Releasing Parties" as defined in the MSA) and (2) prohibits the non-participating manufacturer from using, accessing, or directing the use of the funds' principal except as consistent with Utah Code Ann. § 59-22-201 et. seq.

When is this certificate of compliance due?

This certificate of compliance is to be filed on or before April 30th of the year following the sales year.

For 1999, the sales year for tobacco products sold in Utah is July 1, 1999 through December 31, 1999.

After 1999, the sales year is a calendar year, from January 1, through December 31.

When must I make my escrow payment?

You must deposit all escrow payments into your qualified escrow fund on or before April 15th of the year following the sales year. After you have made your deposit, forward a copy of your receipt or other proof of deposit from your financial institution to the Utah State Tax Commission, along with the signed and notarized certificate of compliance. In addition, after you have made your initial deposit into the qualified escrow fund, forward a copy of the escrow agreement as executed.

INSTRUCTIONS:

Part 1: Manufacturer's Identification. Type or print your name, address, telephone number, fax number, and electronic mail address.

Part 2: Sales year. Type or print the sales year the report covers.

Part 3: Units Sold: Type or print the number of individual cigarettes and the amount of "roll-your-own" tobacco (.09 ounces constitutes one cigarette) manufactured by you and sold during the sales year in Utah.

Part 4: Escrow Rates and Payments. Multiply the units sold in Part 3 by the appropriate rate for the sales year and write the result as your subtotal on Line 2. Multiply the number on Line 2 by the applicable inflation adjustment and enter the amount on Line 3. Add the subtotal on Line 2 and the inflation amount on Line 3 to arrive at the total deposit to be paid into your qualified escrow account for the applicable sales year and enter that amount on Line 4.

Part 5: Financial Institution. Type or print the name and address of the financial institution holding your escrow account. Include your escrow account number. Also, type or print the total cumulative amount currently in your escrow account.

Part 6: Signature. An authorized notary public must also sign and date this certificate of compliance.

Mail the certificate of compliance to:

Utah State Tax Commission

Attn: Processing Division

210 North 1950 West

Salt Lake City, Utah 84134-3500

U.S.A.

and

Joel A. Ferre

Assistant Utah Attorney General

160 East 300 South

P.O. Box 140857

Salt Lake City, Utah 84114-0857

jferre@utah.gov

**UTAH CERTIFICATE OF COMPLIANCE BY NON-PARTICIPATING MANUFACTURER
REGARDING ESCROW PAYMENT**

Part 1: Manufacturer's Identification

Name: _____
Address: _____
Phone: _____ Fax: _____ Electronic Mail: _____

Part 2: Sales Year

The Year for Sales for this Certification of Compliance is *(complete a separate certification for each year of sales)*: _____

Part 3: Units Sold

Number of individual cigarettes and "roll-your-own" tobacco, sold by the Manufacturer identified above during the sales year in Utah is as follows: _____

Part 4: Escrow Rates and Payments

For the sales year: *(Use the rates listed below to figure the appropriate deposit subtotal amount)*

1999- The rate per cigarette is 0.0094241
2000- The rate per cigarette is 0.0104712
2001-2002- The rate per cigarette is 0.0136125
2003-2006- The rate per cigarette is 0.0167539
2007 and thereafter- The rate per cigarette is 0.0188482

1. The appropriate rate for the sales year as listed above is: \$ _____
2. Multiply the number of units sold in Part 3 by the appropriate rate on Line 1 above and write the amount. \$ _____
3. Multiply the amount in Line 2 above by 20.15103%
(0.0325560 for 2004; .03 for 2003; 0.03 for 2002; 0.0968306 for 2001;
0.0648841 for 2000; 0.03 for 1999) \$ _____
4. The total amount that has been paid into the Qualified Escrow fund for the sales year is: \$ _____
(add deposit subtotal on Line 2 and the inflation adjustment amount on Line 3)

Note: For the initial deposit, attach a copy of your executed escrow agreement and for all deposits attach copies of your receipt or other proof of deposit from your financial institution.

Part 5: Financial Institution

Name of Institution: _____
Address: _____
Escrow Account No. _____
Total Amount Held in Escrow: _____

Part 6: Signature

Under penalty of perjury, I state that, to the best of my knowledge, all of the information contained in this Certificate is true and accurate. *This certificate of compliance must also be signed and dated by an authorized notary public.*

Name of Authorized Agent: _____ Title: _____

Signature of Agent: _____ Date: _____

Notary Public: _____ My commission expires _____ / _____ / _____